

# ALBERTA OIL SANDS INVESTMENT REAL ESTATE NEWS®



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## If You Need A Kick In The...

Sometimes I really have to wonder what would keep people out of the Edmonton market? I mean other than (a lack of) skill, money or time, what holds people back? The timing couldn't be any better. Look at what can be created: increased security, both economic and emotional, plus a chance to prepare your nest egg to escape a broke retirement.

Many people are sitting on equity in their homes, RRSPs and money in the bank that they could be using to invest. Skill and time needn't be an issue for busy would-be investors either. There are many options available from land units, mortgage notes to Joint Ventures that can be tailored to suit individual needs.

I'm not going to harp on the endless list of reasons why Edmonton... But I will touch on a few crucial, timely points that should put a fire under any would-be investor's derriere.

**UNDER VALUED HOUSES** -most property listings in Edmonton are turning into multiple offers going \$25K to \$40K above list price.

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If we were in a *speculative* market (one not based on the current economic fundamentals) then *that* would be scary. But we're not. Edmonton is balanced and affordable.

Buying properties during the growth cycle of a strong market is a surefire way to lock in profits.

*Continued on page 2....*

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## If You Need A Kick In The....

Article by Glenn Simon Inc.

What we're seeing are properties that *still* remain a **steal** at the prices they are now. Increases correlate to supply and demand needs of the economy as well as development of the city and surrounding businesses.

**MIGRATION** -Do you know how many people moved to Alberta last year?

**A heck of a lot:** 102,000 people migrated from other provinces in the first 9 months of 2006. That number excludes new Canadians arriving from abroad.

**Now, get ready for this number...** demographers estimate that Alberta will average a net gain of **30,000 migrants a year for the next quarter century!**

Staggering numbers considering more people equates to more renters and homebuyers therefore pushing the values up. It's just the tip of an iceberg of reasons why smart people choose to grow their money here.



**TIMING** - Of course all markets have their peaks and valleys and that's why knowing where, when and what to buy is so important. Following and understanding fundamental shifts is crucial to success. Markets don't rise forever and knowing when to exit is vital.

**OPPORTUNITY** - We are standing at the foot of a warm and perfect field, waiting to be planted with seeds of success. Now is the time to dig deep into the soil and sow our crops before the winds of opportunity change....

Spring *must* be in the air.

## Why Is Taking Action So Important?

By Neel Ramen

**Funny how one day slips into the next before you hardly notice it.** Sometimes you can just amble along, letting life go by and enjoying each day as it comes, because there's always another day. There's no rush.

**And yes, life could be more fulfilling.** You could be putting more into that course, or that job, or that relationship, and maybe next year you'll knuckle down and see about changing direction to something you really want to do.

**But not right now.** Let's just enjoy the here and now. Life's too short to get too worried.

The trouble with drifting is that it is directionless. Floating along with the tide means that you don't use your arms and your legs or your head or your heart. It takes no effort. The current does all the work while you just need to lie back and watch the clouds drifting overhead.

**It's comfortable.**

What do you plan to do with what's left of the rest of your life? You are thinking about getting around to something next year. Is this when you'll be ready to climb out of the river, build yourself a boat and steer your way to your goal?

**But you know what? Every year is the same.** Every year someone says, "well maybe when I have more time I'll do such and such." Or "when the kids have left school and left home, I'll do this." Or maybe even "when I retire, I'll have more time."

**Life is slipping past.**

Now is your moment. Right now! This minute! The words you're reading right here on this page mark each and every second of your precious life floating past.

Take action now to find your true purpose in life. Discover what it is that will fill you with excitement and inspiration. Live every second of your life. You deserve to feel the joy of living.

Get yourself into a boat, take the paddle, and row with the current to where you want to be, where you want to go, where you know you will find happiness and fulfillment.

**Don't wait until next year,** or when you retire, or when the time feels right. Think about what it is you want in life and where you want to be.

**And take the first step into that future. The time is now. Take action. Right now!**

# Housing Prices Not Keeping Workers Away

**By: Laura Severs - Business Edge**

Published: Thursday, January 26th, 2007

## Major cities still competitive, say officials

**Soaring housing prices have not yet thrown a wrench into moves to attract new workers to either Calgary or Edmonton.**

Officials in both cities claim their respective communities remain competitive, even though the cost of buying a resale home has gone through the roof.

Based on a comparison between the months of December 2005 and December 2006, the price of a single-family home in Edmonton rose 51.9 per cent, coming in at just under \$342,000, according to the Edmonton Real Estate Board (EREB).

Its Calgary counterpart, the Calgary Real Estate Board (CREB), reports that the average price of a single-family home rose to \$396,870 in December 2006, from \$305,676 in December 2005.

And while both CREB and EREB say they have heard anecdotal talk that higher housing costs are causing problems for companies bringing workers to Alberta's understaffed labour market, neither has been able to find any concrete examples.

In fact, new CREB president Ron Stanners says it's actually cheaper to buy a house today in Calgary than it was in the past.

"There's a lot of talk about it (higher housing prices acting as a disincentive to bring employees to Alberta) but the reality is that housing prices, at the prices they are today, are a lot more affordable than they were 25 years ago," says Stanners.

Interest rates back then were above 18 per cent, compared to today's interest rates in the six-per-cent range. And incomes are now much higher.

Using the example of a typical Calgary housing price of \$106,000 in 1981, with a \$90,000 mortgage and an interest rate of 18.125 per cent, a buyer would have made mortgage payments of \$1,319, representing 79 per cent of their annual income of \$19,932.

***"There's a lot of talk about it (higher housing prices acting as a disincentive to bring employees to Alberta) but the reality is that housing prices, at the prices they are today, are a lot more affordable than they were 25 years ago," says Stanners.***

Today, using identical comparisons but with an average housing price of \$357,000 and a \$332,000 mortgage at about a six-per-cent interest rate, the payment would be \$2,125. But with an average income of \$60,000 in Calgary, the mortgage costs only eat up 42.5 per cent of that person's income now, says Stanners.

"We are way better off than when I bought a house on New Year's Eve in 1981," says Stanners. "I really don't believe affordability is an issue. It's affordability in the mind that is an issue. I guess you could say it's perception."

Myron Borys, vice-president of economic development for Edmonton Economic Development Corp., says Edmonton is transitioning from a mid-sized Prairie town into one of the country's economic powerhouses.

"As such, you have to put yourself in a different comparison point," says Borys. "We're still a very affordable place to live."

EREB figures from November 2006 place Edmonton below the Alberta and Canadian price averages.



***People flock to Alberta for jobs, lifestyle and affordable homes***

## Major Cities Still Competitive;

Overall, Edmonton came in fifth behind Vancouver, Fort McMurray, Calgary and Toronto.

Borys agrees that housing affordability in Edmonton has definitely eroded somewhat over the last year, but he says when it comes to attracting businesses to Edmonton, housing costs are not a huge factor.

"It's not on the Top 10 of what a business would look at," he says.

"Last year, we had record numbers of immigration both provincially and in the city. So obviously, it's not a single factor affecting people's decision to move here. It could be in the future if it (housing prices) continues to rise at the rate it does."

It also matters where people are moving from, he adds. "If they're coming from Vancouver or Calgary, it's not an issue. But if we compare our prices to smaller centres, they're higher - but it has always been higher (in this type of comparison)."

Adam Legge, director of research and business information for Calgary Economic Development, expresses a similar viewpoint when asked if rising housing costs are making it harder to attract employees to Calgary. "It depends where someone is coming from, and at what income level the employment opportunity is going to provide them with," says Legge.

Legge also says that the Royal Bank's housing affordability index shows that housing in Calgary and Edmonton is still more affordable than in Toronto, Montreal and Vancouver, relative to incomes.

*"You don't have to get it right, you just have to get it going." - Mike Litman*

Meanwhile, both the CREB and EREB expect the housing market to have another good year in their cities.

"We're predicting that prices will continue to rise in 2007, about one to two per cent per month. Overall, we're predicting an increase in prices of 15 per cent for the total year," says incoming EREB president Carolyn Pratt.

"We have a lot of demand and the inventory is down, and that's what's driving up the prices. We expect inventory levels to remain below our normal numbers of listings," adds Pratt.

In Calgary, Stanners says the CREB is calling for residential real estate prices to increase by about 7.5 per cent over the year.

"I expect that the first quarter and maybe into the second quarter will be similar to last year and be fairly complex," says Stanners, pointing to homes that sold below, at, or above asking prices in 2006. "But it will stabilize and become fairly solid early in the second quarter."

### **Boiling It Down:**

*Alberta is in a major growth stage unlike anywhere else in North America. Salaries continue to rise along side housing prices. Thus, keeping the housing affordability index low and creating value for homeowners and investors as the province and its residents become wealthier.*

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